



Computing Income for Self-Employed Individuals

Individuals who are self-employed or engaged in farming may experience variations in cash flow and cannot easily report a monthly income. These individuals may report self-employment income for the free and reduced price meal application using a *1040 U.S. Individual Income Tax Return Form*. The income to be recorded uses business income less operating expenses.

Deductions for personal expenses, such as interest on home mortgages, medical expenses, and other similar non-business items are not allowed in reducing gross business income.

Line **7** cannot be reported as current income. Line **22** (total income) and line **37** (adjusted gross income) may not be used for purposes of applying for free and reduced-price meals.

Use your *1040 U.S. Individual Income Tax Return Form* to determine allowable income:

Line 12: Business Income (or loss) _____

NOTE: If any members of the household have income from wages or salary, the gross income from last month must be reported on the application form. This attachment is used only to report income from self-employment and/or farming.

Line 13: Capital Gain (or loss) _____

Line 14: Other Gains (or losses) _____

Line 17: Rental Real Estate, etc. _____

Line 18: Farm Income (or loss) _____

Total of above lines: _____

Losses (negative numbers) can be used to determine **total** income. If the total income is a negative number, record it as zero. **Enter total income** on the free and reduced-price meal application under the category labeled *All Other Income*.

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